ANNUAL REPORT 2004

DUNDEE
PRECIOUS METALS INC.

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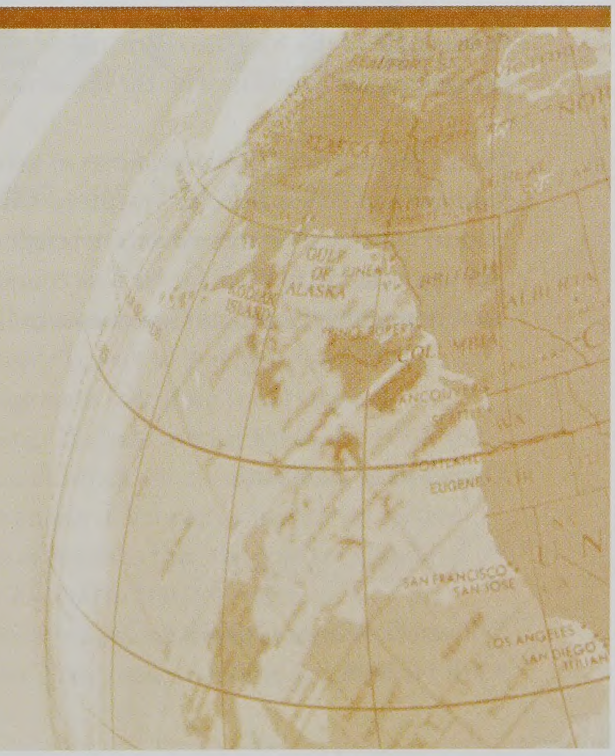
DUNDEE PRECIOUS METALS INC.

ANNUAL SHAREHOLDERS' MEETING

Dundee Precious Metals Inc.
to be held on Wednesday, June 9, 2004
at 4:00 pm (Toronto time) in the
East Dining Room of the
Toronto Board of Trade
77 Adelaide Street West
First Canadian Place
Street Level
Toronto



DUNDEE PRECIOUS METALS INC.
REPORT OF THE BOARD OF DIRECTORS

On behalf of the Board of Directors we are pleased to present the annual report of Dundee Precious Metals Inc. for the year ended January 31, 2004.

Shareholders experienced another outstanding year of share appreciation.

The market value of your shares increased by 35% during the year, closing at $28.85 on January 31, 2004, up from $21.40 at the end of the previous year.

Net asset value of your Company increased over 50% to $286.1 million notwithstanding that gold bullion increased over 8% in U.S. dollar terms and 11% in Canadian dollar terms. As at January 31, 2004 net asset value per share was $37.88, an increase from $27.30 at January 31, 2003.

These results reflect superior investment selection by your Manager, Goodman & Company, Investment Counsel Ltd. The Manager indicates that the long-term outlook for gold equities remains positive.

The increase in net assets during the year of approximately $98 million resulted from net income of $45 million, unrealized appreciation (less estimated income tax) of $37 million and proceeds from warrant holders purchasing Class A shares of $17 million. During the year your Company purchased and cancelled 22,400 Class A shares under its normal course issuer bid.

At January 31, 2004, approximately 85% of the portfolio was invested in gold and precious metals related securities and 15% in other mineral related securities. Of the total, approximately 83% was invested in Canada, 13% in gold investments in Bulgaria, and the remainder invested in other geographic regions.

Subsequent to the year end shareholders voted overwhelmingly to convert the company into an operating gold company with the initial focus on development of the gold properties in Bulgaria.

Peter Cavelti, one of the co-founders of your Company, has informed the Board that due to other business and personal commitments he will not be standing for re-election as a director at the next annual meeting of shareholders. On behalf of the Shareholders and the Board, I want to express our appreciation to Peter for his wise counsel over the years, and for his enthusiastic efforts in establishing the Corporate Governance policies and procedures by which we conduct our business.

On behalf of the Board,

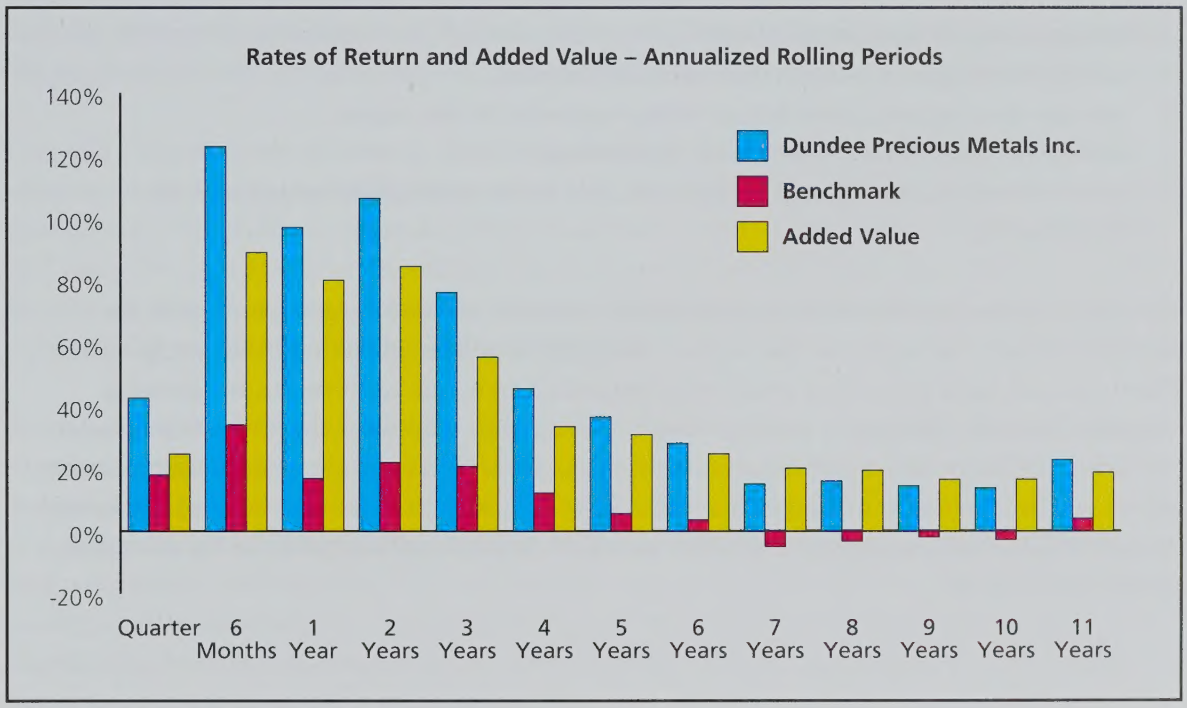
W. G. Wilson

William G. Wilson, *Chairman*
April 14, 2004

DUNDEE PRECIOUS METALS INC.
REPORT OF THE CHIEF EXECUTIVE OFFICER

This is probably the most difficult and exciting of all of the Dundee Precious Metals annual reports. It is difficult because it is both the end and the beginning of an era. It is the end of the era of Dundee Precious Metals the closed end investment company and the beginning of Dundee Precious Metals the operating gold mining company.

As an investment company we have just completed the best three year period in the company's 20 year history. The following is a chart prepared by Towers Perrin of our pre tax and pre management fees investment returns compared to the returns of the S&P/TSX Gold Index. These returns cannot be calculated using our published net asset values because, as a corporation, we are required to account for taxes and management fees. As you can see from the chart, both our short and long term performance numbers have been excellent.



The question that we have been asked on a regular basis is "with numbers like these, why have we become an operating company at this point in time?" The only answer to that question is that we are here to maximize shareholder value not to maximize management fees. If we could take only one liberty about our returns it's that we know what we are doing. The gold market has evolved over the years and consolidation has created new mega gold companies which are interested only in looking for very large ore bodies. As a result, the medium sized ore bodies of between one and two million ounces of gold are being overlooked in the marketplace. In addition to that, the gold companies of a middle capitalization in size that are producing between 200,000 to 500,000 ounces of gold per year have become collectibles. That is, they are trading at lofty valuations. These companies have valuations which in many cases are in excess of US$1 billion. They are also trading at cash flow multiples greater than fifteen.

The Bulgarian assets that we purchased have the potential to bring us to that middle capitalization status and all of the valuation rewards that go with it. We started this process trading at a large discount to our net asset value. The first step of the process will be to eliminate the discount. Next we will drill off these deposits and invest capital in them to realize the true value of these assets. We do not expect the market to immediately revalue the company as a middle capitalization producer, but that is where we are headed.

The existence of the portfolio gives us the financial strength to make this transition without having to suffer a dilution in the process. In addition, we see many other opportunities. There are many assets out there which have excellent potential and are overlooked by the large companies because they do not meet their minimum threshold requirements. This is a tremendous opportunity because most of the world's large deposits started out as small mines.

Our strategy as a gold company will be to:

1) develop the Bulgarian assets to their ultimate potential,
2) seek out other opportunities that are being overlooked by the majors,
3) manage the portfolio and raise cash as needed, and
4) communicate this strategy and our progress to both our shareholders and prospective new investors.

The other common question that we are frequently asked is "what we are going to do with the portfolio?" There is no question that much of the portfolio will be sold off over the next few years. These sales will occur just as they would have happened had we not converted to an operating company. The only difference is that we will not necessarily be reinvesting the proceeds from sales into new portfolio positions without strategic purpose. We will be investing in our Bulgarian assets and we will be investing in new assets that we have yet to identify both in share form and otherwise. What people are really wondering is whether we will be liquidating the portfolio at fire sale prices and the answer is no.

BULGARIAN GOLD OPPORTUNITY

The story of the gold assets that we have purchased in Bulgaria is one worth telling. When we first went to look at the Bulgarian assets they were owned by Navan Mining plc. We did not go to Bulgaria with the intention of buying the assets but to look at helping the company restructure itself and to provide financing during that restructuring phase. We looked at the assets and presented a proposal, however, the restructuring was not successful and the company eventually went into receivership. At this point, a receiver was appointed and we decided to bid on the package.

We owe a great deal of gratitude to our board of directors and Dundee Bancorp for supporting us. Clearly as a fund, we are permitted to buy private companies, but we have never bought 100% of a company before. Notwithstanding, it was within our mandate and we thought that there was a tremendous opportunity to be had. We did a comprehensive due diligence review and worked hard with the receiver, the government of Bulgaria and the employees to develop a plan that made sense. We acquired the assets on September 30, 2003, almost ten months after we started looking at the deal.

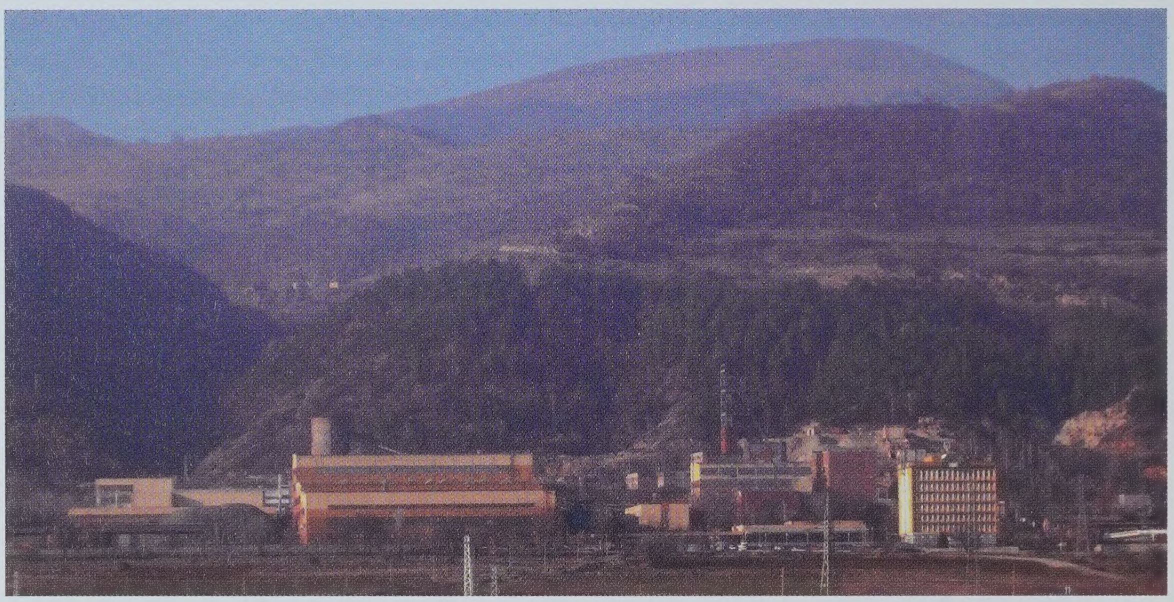
Our initial intention was to invest in cleaning up the assets, drill them off and do an initial public offering on the deal at a marked up price to our cost. We would have created the company that we will now become. The problem with that is that it would have created a lot of value, but the shareholders of Dundee Precious Metals would still have the discount to deal with, which remained at about 20%. In addition, if the venture was really successful, our shareholders would have had to share it with many outside parties thus diluting their potential gains.

It was not until sometime in November 2003 that we started to look at the prospect of converting Dundee Precious Metals Inc. into a gold company and developing the assets ourselves. We formed an independent special committee of the board which retained independent financial and legal advisors. A thorough review of the assets and the opportunity was then carried out. Terms were negotiated and renegotiated until all parties were satisfied and a fairness opinion was obtained. The board did an excellent job of evaluating the opportunity and we are lucky to have as strong a board as we do. Our shareholders have been very supportive of the deal and we can now start on the new path towards becoming the next great mid-cap gold producer.

THE BULGARIAN ASSETS

The Bulgarian assets are the Chelopech gold and copper mine and the Ada Tepe high-grade gold deposit on the Krumovgrad exploration concession.

Chelopech



Chelopech Mine

The Chelopech mine is a one million tonne per year underground gold/copper mine about 80 kilometers east of Sofia, the capital of Bulgaria. The deposit was originally developed in 1959 and the mine has been operated on and off over the years. The most recent operator was Navan Mining in the 1990s. While the rated capacity of the mine is one million tonnes per year, the mine was only operating at 50% of capacity when we bought it. The deposit had been starved of capital for many years and it showed.

Our initial plan, which we call Phase One, is to invest US$40 million in the mine to:
(i) bring the throughput to 1.5 million tonnes per year,
(ii) build a decline ramp which will allow easier access to the ore body,
(iii) upgrade the mill capacity to 1.5 million tonnes per year,
(iv) upgrade the tailings pond area to better handle higher production rates,
(v) infill drill the resource, and
(vi) conduct a feasibility study on the use of an autoclave to treat the ore and produce metal on site (Phase Two).
The majority of this money will be invested into modern equipment and better developing the ore body.

Once Phase One is completed, we intend to immediately proceed with Phase Two. At present, Chelopech produces a concentrate that is high grade and also high in arsenic. We presently pay very large penalties to the smelters to treat this concentrate. Historically, in the mining industry this type of ore would be treated by a roaster and processed. The problem is that the old mining industry focused solely on profits and not on solutions. The roaster would work well but it would liberate the arsenic in a very poisonous, soluble state. Using an autoclave, while more expensive, provides the alternate environmental solution because it puts the arsenic into an insoluble benign form that is very safe to dispose of into a tailings pond. As a matter of fact, in Yellowknife, N.W.T., they are now reprocessing old roaster tailings through an autoclave as part of the environmental remediation of that site. Use of an autoclave would increase recoveries, eliminate the arsenic penalties, eliminate the transport charges of the concentrate and eliminate the smelter fees. All in all, an autoclave will dramatically enhance the long term economics of the Chelopech ore body, while at the same time addressing the environmental issues. Our preliminary studies have concluded that the use of an autoclave is feasible.

Another important point to consider with Chelopech is that the reserves and resources total more than 45 million tonnes. Even at 1.5 million tonnes per year, this represents a 30 year life.

Chelopech Project Mineral Resources

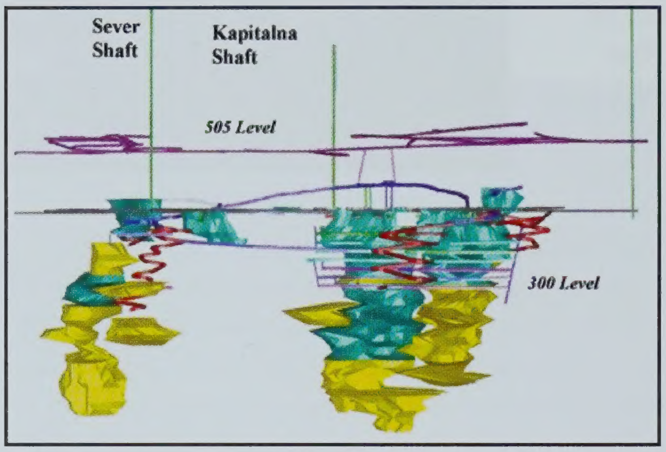
Mineral Resource Category(1)	Tonnes	Gold Equiv.	Copper		Gold		Silver	
			Grade	Metal	Grade	Metal	Grade	Metal
		(g/t)	(%)	(tonnes)	(g/t)	(ounces)	(g/t)	(ounces)
Measured	3,831	7.1	1.6	6,300	3.8	467,000	15	1,860,000
Indicated	14,040	7.1	1.5	21,000	4.0	1,816,000	10	4,650,000
Measured and Indicated	17,871	7.1	1.5	27,300	4.0	2,283,000	11	6,510,000
Inferred	27,370	6.5	1.4	38,000	3.7	3,273,000	9	8,150,000

(1) The Mineral Resource estimate for the Chelopech Copper-Gold Project has been prepared by Ben Palich and Dr. Julian F. H. Barnes of RSG Global. The Mineral Resources are classified as Measured, Indicated and Inferred, and are based on CIM Standards.

(2) The Mineral Resources were estimated using a gold equivalent cut-off grade of 4.0 g Au/t.

(3) Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.

At present there are four drills underground, drilling off the resources with the view towards bringing them into the reserve category. Once a stronger reserve is achieved, we can decide on the ultimate mining rate and design Phase Two for a second expansion. We do not yet have the reserve numbers, but they should come together in the third quarter of this year.



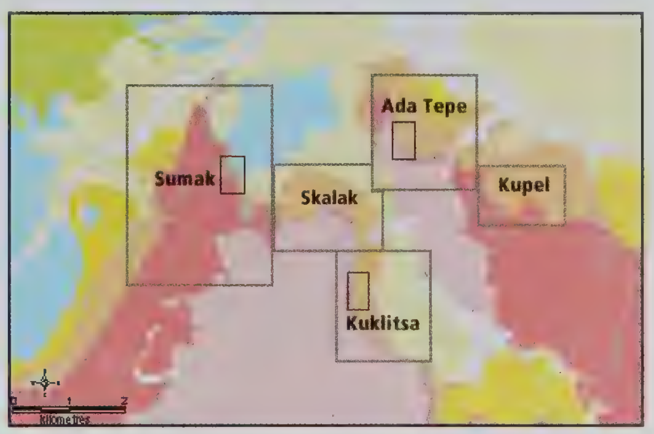
In addition, we have negotiated a very creative deal with the Bulgarian government to deal with environmental matters. Our due diligence review did not uncover any major environmental problems however it uncovered potential problems that may exist in the future. We developed a plan that would address these problems now and avoid them altogether. We finalized an arrangement with the government of Bulgaria which enabled us to reduce our 1.5% royalty by 50% for a seven year period with a minimum royalty equal to 1993 levels. The 50% that we save will be deposited into a fund that will be dedicated to environmental projects at Chelopech. In return, we have committed to invest US$27 million into the mine over the next five years. This is a win-win solution for everyone. The government gets a committed investor and no drop in royalty revenues, and we get a means to finance environmental upgrades that will be required in the future. We are very happy with the outcome of our negotiations with the Bulgarian government and with their ability to adopt creative solutions to solve long term problems. This type of creative thinking is not yet present in North America.

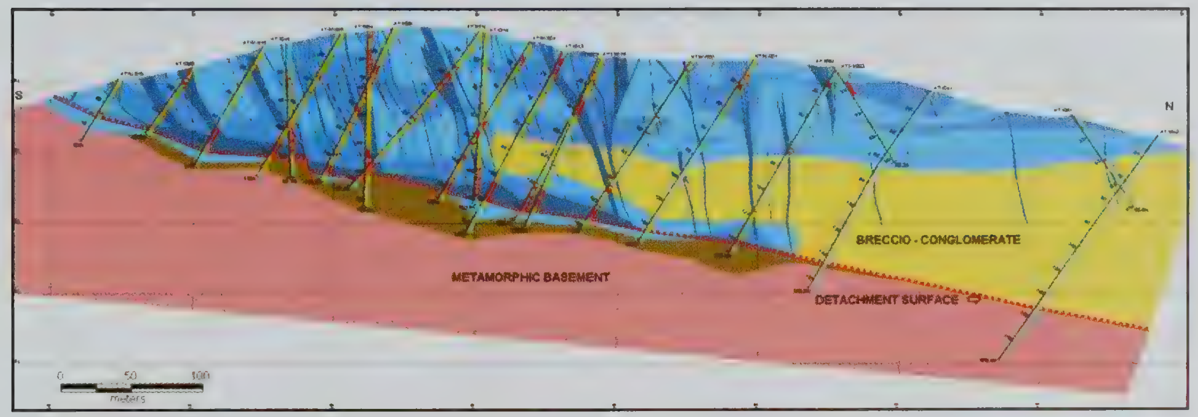
We are very excited about Chelopech. We have put in place a first rate team of people who are implementing a very exciting plan to create shareholder value.

Krumovgrad

The Krumovgrad exploration concession covers 113 square kilometers of ground in South Eastern Bulgaria, near the Turkish border. There are many gold occurrences throughout the property but the main ore body is the Ada Tepe deposit.

The Ada Tepe deposit has two zones. The wall zone, which has an indicated reserve of 350,000 ounces of gold, is at the contact between the basement and the sediments. Overlying the wall zone are the upper zones, which have a resource of 505,000 ounces of gold. The upper zones are bonanza style veins that require close spaced drilling to be classified a reserve. The deposit is on a hill daylighting at the back of the hill and gently dipping with the hill.





Ada Tepe

Ada Tepe Mineral Resources

Zone	Resource Category(1)	Tonnes	Gold		Silver(2)	
			Grade (g/t)	Ounces	Grade (g/t)	Ounces
Wall	Indicated	1,480	7.3	350,000	4.3	207,000
Total Indicated	Indicated	1,480	7.3	350,000	4.3	207,000
Wall	Inferred	400	4.2	54,000	2.9	37,000
Upper – North	Inferred	770	3.0	74,000	0.9	30,000
Upper – South	Inferred	3,500	3.8	431,000	0.9	153,000
Total Inferred	Inferred	4,670	3.7	559,000	1.5	220,000

(1) The Mineral Resource estimate for the Ada Tepe Project has been prepared by Brett Gossage and Dr. Julian F. H. Barnes of RSG Global. The Mineral Resources are classified as Measured, Indicated and Inferred, and are based on CIM Standards.

(2) The Mineral Resources were estimated using a gold equivalent cut-off grade of 1.0 g Au/t.

(3) Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.

(4) The silver grades represent the data contained within those "parent" blocks which return a gold grade above the stated cut-off grade.

The plan at Krumovgrad is to drill off the deposit in a way to bring the resources into the proven and probable reserves category. Once that is complete we will finalize a fully bankable feasibility study by the end of the first quarter of 2005. At present, we have five drills on the property drilling the deposit off at 25 meter spacings. The drilling should be completed by June and a new reserve calculation should be completed by September. Once the drilling is completed we will move the drills to other parts of the concession and conduct exploration throughout the rest of the year. The exploration will be conducted at the same time as the feasibility study. While the initial plan will be to build a mine capable of producing 150,000 ounces of gold per year for a six year life, it is our expectation that the exploration efforts will increase the life beyond the initial six years. The Krumovgrad concession has five other exploration targets on the property. All of these have interesting results from surface exploration and limited drilling. It is our intention to at least put some of the other areas into the resource category by year end.

PORTFOLIO

The portfolio growth has been the driving force behind this company for many years and we are proud to report that the year ended January 31, 2004 was another excellent year for the portfolio. The significant appreciation in values has prompted us to sell some of our investments. We are still committed to maximizing the values in our portfolio. We remain optimistic about the prospects for our portfolio and expect to continue to use the portfolio gains as a mechanism to fund the growth of our operating businesses however, we expect to hold some of our portfolio investments for a long time.

Our company has undergone a tremendous change during the last year and with change comes a new group of dedicated professionals. In November of 2003, we were proud to announce that John Lydall had joined our board of directors. John brings a wealth of experience in the mining business as a mining engineer, mining analyst and senior investment banker. We are delighted to have John on our team. It is with regret that we announce that Peter Cavelti has decided not to stand for reelection to the board. Peter was a founding member of the company and has been a valued board member for over two decades. He will be missed on the board and we would like to take this opportunity to thank him for his dedicated work over the last twenty-one years.

While the company has changed a lot, it has changed for the better. At the time of writing, after raising a total of almost $80 million on the exercise of the company's share purchase warrants in February 2004 and the exercise of an option granted in connection with the company's conversion to an operating company in April 2004, we currently have over $109 million in cash, a high quality portfolio and some very exciting gold assets in Bulgaria. Our management team is fully committed to making Dundee Precious Metals Inc. the next successful mid-cap producer in the gold mining industry.

Jonathan Goodman
President & Chief Executive Officer
May 12, 2004

DUNDEE PRECIOUS METALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

(All currency in Canadian dollars, unless otherwise indicated)

The following financial statements, notes and Management's Discussion and Analysis of Dundee Precious Metals Inc. are presented as of the year ended January 31, 2004, prior to the Company's conversion to an operating company.

COMPANY OBJECTIVE

Dundee Precious Metals Inc. (the "Company") is a closed-end investment company, managed by Goodman & Company, Investment Counsel Ltd., which provides investors with an opportunity to invest in a portfolio of primarily precious metals related and mineral investments. The principal objectives of the Company are to provide investors with capital appreciation and the provision of a hedge against inflation, while providing a portfolio diversified among issuers and geography.

INVESTMENT STRATEGY

As a closed-end investment company, the Company is subject to the investment restrictions set out in its articles and by-laws. Investments consist primarily of equity securities of issuers engaged in the exploration, development, production or marketing of precious metals and other minerals. Issuers in which the Company invests may be engaged in activities relating to one or more precious metals and may derive a substantial portion of their revenue from sources other than precious metals. The by-laws of the Company allow it the flexibility to take full advantage of attractive investment opportunities by taking significant positions in corporations.

In making equity investments, the Company diversifies its portfolio among junior, intermediate and senior issuers and between producing and exploration companies. The Company also seeks out companies which require financing to further develop or explore potential deposits. The mix of the Company's portfolio among issuers, countries, precious metals, equity securities, bullion and cash can vary from time to time in response to fluctuations in metal prices and market conditions.

Unlike open-end mutual funds, the Company has no obligation to meet redemption requests and therefore need not maintain the same level of liquidity. Accordingly, the Company is afforded a greater opportunity to invest and is able to more effectively manage its portfolio. In particular, subject to the investment restrictions applicable to it, the Company is able to make investments which are intended to be held for the longer term, including securities which may from time to time be considered illiquid.

INVESTMENT REVIEW

At January 31, 2004, the investment portfolio at market value totaled $300.6 million which included unrealized appreciation (net of future income taxes) of $110.9 million compared to $227.5 million of market value at January 31, 2003 and unrealized appreciation (net of future income taxes) of $74.4 million. The Company's portfolio mix was 83.4% Canadian, 1.2% Australian, 1.9% Latin American, 0.3% United States of America, and 13.2% Other Investments, with approximately 84.7% of the portfolio invested in gold related companies and 15.3% invested in other minerals related companies.

On September 30, 2003, the Company, through its wholly-owned, single purpose subsidiary, Dundee Precious Acquisition Inc. ("DPAI"), acquired certain Bulgarian companies holding mining assets from Navan Mining plc, an entity in administrative receivership. The principal assets consist of the following:

- a pre-feasibility stage development property called Ada Tepe, located near Krumovgrad,
- a series of exploration licenses covering certain properties in the Central and Eastern Rhodope,
- the Chelopech mine, a producing gold/copper mine, located 75 km east of Sofia, and
- approximately U.S. $25.0 million in inter-company advances, which were assigned a nominal value.

The cost of the acquisition was U.S. $23.4 million, and was comprised of the following:

U.S. $10.0 million paid on completion of the transaction
U.S. $ 4.0 million payable between December 31, 2004 and December 31, 2005
U.S. $ 6.0 million of advances made to fund operations during the pre-acquisition exclusivity period
U.S. $ 3.4 million on due diligence, structuring and closing costs
U.S. $23.4 million

In addition, U.S. $12.5 million is payable when the required government approvals for the Ada Tepe gold project are obtained and a 1% royalty will be payable on certain grass-roots exploration properties based on any future gross revenues received from mineral production from these properties.

As at January 31, 2004, the Company had made investments and advances totaling Cdn $39.7 million to finance its investment in the Bulgarian assets and had committed to invest up to an additional U.S. $12.0 million to April 30, 2004.

DPAI intends to spend U.S. $5.0 million to complete a resource definition drilling program and a production feasibility study at the Ada Tepe deposit. In addition, it is estimated that a further U.S. $45.0 million will be required to construct a production facility at Ada Tepe within the next four years. With respect to the Chelopech mine, it is estimated that U.S. $40.0 million will be spent over the next 2.5 years to expand the mine and related facilities in order to increase mine output to 1.5 million tonnes per annum. Subject to a positive feasibility study, there may be further expenditures incurred to construct a metal processing plant. As at January 31, 2004, U.S. $1.3 million and U.S. $4.3 million had been spent on the Chelopech and Krumovgrad programs, respectively.

The following is a condensed unaudited consolidated balance sheet of DPAI as at December 31, 2003 and a condensed unaudited statement of operations for the three months then ended.

	(US$ thousands)
Current assets	$ 7,978
Resources assets[1]	
Chelopech	16,570
Krumovgrad	17,092
	$ 41,640
Current liabilities	$ 6,192
Other liabilities[2]	12,179
	18,371
Deficit	(2,586)
	15,785
Investment and advances by the Company in DPAI[3]	25,855
	$ 41,640
Revenue	$ 4,484
Cost of Goods Sold	3,995
Gross Profit	489
Operating Costs	2,322
Depreciation	753
Net Loss	$ (2,586)

(1) DPAI, through its Bulgarian subsidiaries, is re-developing the Chelopech Mine and evaluating the Ada Tepe Project for future development. Accordingly, DPAI will be incurring significant costs as it carries out its plans and as such will be dependent upon the continuing financial support of the Company. The recoverability of these costs is dependent upon the future successful development and operation of these assets, or upon their disposition at an amount in excess of costs incurred.

(2) Other liabilities include the U.S. $4.0 million in notes payable between December 2004 and December 2005 plus an estimate of U.S. $8.2 million for environmental and future mine closure, site reclamation and other costs relating to the Chelopech gold/copper mine. Excluded from these figures is the U.S. $12.5 million payment which is contingent on the receipt of the necessary mining permits for Ada Tepe.

(3) The investment and advances reflects the investment of the Company in DPAI as at December 31, 2003.

(4) Since acquisition, the Bulgarian operations have incurred losses of approximately U.S. $3.3 million to January 31, 2004 and certain third party debts aggregating U.S. $2.1 million were settled for U.S. $700,000.

NET ASSET VALUE

Fiscal 2004 Compared to Fiscal 2003

The following table provides a summary of the net asset value per share and the share price for the Company, compared to the London Gold AM Fix price, a key performance benchmark, as at the dates listed below:

	January 31, 2004	January 31, 2003
Total Net Assets ($ millions)	$ 286.1	$ 188.2
Basic Net Asset Value Per Share	$ 37.88	$ 27.30
Diluted Net Asset Value Per Share	$ 35.36	$ 27.30
Share Price (DPM.A)	$ 28.85	$ 21.40
London Gold AM Fix (US $)	$ 401.30	$ 370.35

During the year ended January 31, 2004, the net asset value of the Company increased by 52.0% to $286.1 million from $188.2 million at the end of the prior year. Basic net asset value per share increased from $27.30 to $37.88. The price of gold bullion increased by 8.4% in U.S. dollar terms and 11.1% in Canadian dollar terms.

The increase in net assets of $97.9 million was the result of unrealized market appreciation of $36.5 million (net of future income taxes), proceeds from warrants holders purchasing Class A shares of $17.0 million, net income of $44.8 million and the expenditure of $0.4 million to purchase and cancel 22,400 Class A shares. The net income of $44.8 million consisted of realized gains on the sale of investments of $68.0 million, interest, dividend and other income of $0.8 million, expenses of $10.4 million and income tax provision of $13.6 million.

22,400 Class A shares were purchased in the open market at an average discount to the net asset value per Class A share of 20.8% and cancelled pursuant to the Company's normal course issuer bid. This had the immediate effect of increasing the net asset value per Class A share.

A diluted net asset value per share occurs when the market price of the Class A shares exceeds the $25.00 per share exercise price of the outstanding Class A Share Purchase Warrants, which was the case as at January 31, 2004. The diluted net asset value per share was calculated by adding to the net asset value an amount equal to the gross proceeds which would have been received by the Company assuming the exercise of all outstanding warrants, and by adding to the Class A shares outstanding the number of shares which would have been issued upon the exercise of such warrants.

RESULTS OF OPERATIONS

The Company's reported earnings reflect only interest, dividend and other income and realized gains and losses on the disposition of investments. As they do not include unrealized gains and losses in the portfolio, earnings are only a partial measure of the Company's performance. Accordingly, the performance of the Company is best measured by the change in the net asset value per share.

Fiscal 2004 Compared to Fiscal 2003

Income before taxes of $58.4 million for the year ended January 31, 2004 was $30.8 million higher than the 2003 income before taxes of $27.6 million. Partially offsetting these income amounts were income tax provisions of $13.6 million and $5.6 million, respectively. Net income after taxes was $44.8 million for the year ended January 31, 2004, $22.8 million higher than the previous year's net income after taxes of $22.0 million.

Dividend and interest income from investments for the current year was $0.8 million compared to $1.7 million in the previous year. Interest income decreased by 51.5% as interest-bearing investments matured and were converted to equity investments.

During the year, the Company realized net gains of $68.0 million, an increase of $35.4 million over that of last year. The Company continued to take advantage of opportunities to take profit as the price of gold and gold equities continued to rally throughout the year. During the current year the Company disposed of an investment in East African Gold Mines Ltd., which it had held for the past five years, realizing a gain of $21.0 million. Other significant realized gains on the sale of investments include Eldorado Gold Corporation ($17.0 million), Compañía de Minas Buenaventura SA ($10.0 million), Rio Narcea Gold Mines Limited ($8.0 million), Northern Orion Resources Inc. ($4.1 million), Wolfden Resources Inc. ($3.2 million) and Northgate Exploration Limited ($2.3 million).

Expenses were $10.4 million, up 55.2% from $6.7 million in the prior year. Increases in performance fees ($1.4 million), professional fees ($0.9 million), management fees ($0.7 million), and directors fees ($0.4 million), accounted for the most significant components of this change. The Manager is entitled to a performance fee of up to 2% of the Company's average total assets for the year depending upon the Company outperforming gold bullion, its benchmark. In each of the current and prior years, the Company exceeded the benchmark resulting in the maximum fee being earned. Increases in professional and directors fees are directly related to expenses incurred as a result of the Company's proposal to change its corporate structure as discussed below. Management fees, which are calculated monthly based on net assets, increased by 36.1% as the average monthly net assets increased.

Canada Customs and Revenue Agency ("CCRA") is proposing to reassess the 1996 to 1999 taxation years. The impact of the proposed reassessment and the potential implications to the 2000 to 2004 taxation years are not expected to have a material impact on the financial statements. The Company is continuing in its discussions with the CCRA.

LIQUIDITY AND CAPITAL RESOURCES

The Company's current cash position of $23.2 million was primarily the result of proceeds received on the sale of investments and Class A Share Purchase Warrant holders exercising their right to purchase Class A Shares. As at January 31, 2003, the Company had $0.9 million in cash.

In addition to raising cash through the sale of securities, the Company has the ability to borrow an amount of up to 25% of its total market value of assets, under certain defined criteria. This provides the Company with the benefit of leverage, additional opportunities to increase returns, and the ability to better manage cash flows. The Company has negotiated a $25 million credit facility to provide this leverage. As at January 31, 2004, the Company had no outstanding balance on the bank loan. At January 31, 2003, the Company had borrowed $3.8 million against this facility.

As described above, the Company's wholly-owned subsidiary, DPAI, has entered into various commitments relating to the outstanding balance of the purchase price of the Bulgarian gold-copper properties. In addition, DPAI is undertaking a significant redevelopment and expansion of the Chelopech mine and an evaluation and possible construction of a new gold mine, The Ada Tepe. The Company has sufficient cash and lines of credit available to support this activity.

SHARE CAPITAL

A brief analysis of capital stock, warrants and contributed surplus as at January 31, 2004 is included in the table below.

	Number of Shares	Amount ($000's)
Class A shares	7,550,481	$ 97,079
Class A share purchase warrants	1,837,091	1,837
Common shares	3,000	1
		98,917
Contributed surplus		456
		$ 99,373

During the year ended January 31, 2004, the Company purchased and cancelled 22,400 Class A shares under its normal course issuer bid at a cost of $437,248.

As at January 31, 2004, 682,909 Class A Share Purchase Warrants were exercised for an equivalent number of Class A Shares at $25.00 per share plus the initial cost of the Share Purchase Warrant of $1.00 per Warrant.

OUTLOOK

Management is pleased with the progress achieved during the year ended January 31, 2004. The Company was successful in increasing its net asset value and has developed a plan relating to the extent and nature of its continuing investment activities with respect to the Bulgaria acquisition.

On April 15, 2004, shareholders approved a plan to convert the Company from a closed-end precious metals investment company to an operating gold mining company in order to maximize the benefits to its shareholders resulting from the purchase on September 30, 2003 of certain under-developed Bulgarian mining properties. In addition, the Company intends to continue to make strategic and portfolio investments in the mining sector, with a focus on gold and other precious metals. The following actions have been taken to implement this plan:

- the investment management agreement was terminated for consideration of $26,849,000. The Manager, in turn, has agreed to reinvest the proceeds in return for 925,000 class A shares of the Company. The Manager was also granted a two day option to acquire up to a further 500,000 Class A shares at $36.57 per share, which was exercised on April 19, 2004,

- the 3,000 Common Shares held by the Manager were converted to Class A shares,

- all then outstanding Class A shares were subdivided on the basis of 5 new Class A shares for each old Class A share, all of the existing class of common shares were cancelled and all of the unissued and issued Class A shares were reclassified as new common shares,

- the investment restrictions of the Company as set out in its charter were removed, and

- a stock option plan for key personnel was established.

Further information with respect to this proposed transaction is included in the circular sent out to shareholders under date of March 19, 2004.

As a result of the conversion of the Company to an operating company from an investment company, a change to the year-end and certain changes in accounting policies will be adopted as follows:

- in order to be consistent with the statutory requirements of its Bulgarian subsidiaries with respect to fiscal calendar year-ends, the Company is changing its fiscal year-end to December 31 and, as a result, will issue first quarter financial statements as of March 31, 2004 and will continue reporting on a quarterly calendar basis;

- the investment portfolio will be carried at cost, determined as the carrying value of the portfolio of the Company as at April 30, 2004. Subsequent investments will be recorded at cost. Gains and losses would be recorded on dispositions of individual investments. Carrying values would be reduced in the event of an other than temporary decline in value.

- the financial statements of the Company's wholly-owned subsidiary, DPAI, will be consolidated with the financial statements of the Company for the quarter ending June 30, 2004.

This document contains certain forward-looking statements that reflect the current views and/or expectations of Dundee Precious Metals Inc. with respect to its performance, business and future events. By their nature, these statements involve a number of risks, uncertainties and assumptions. Actual results and events may vary materially from those expressed or implied in these statements. The inclusion of information herein should not be regarded as a representation by the Company and investors are cautioned not to place undue reliance on such information.

DUNDEE PRECIOUS METALS INC.
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by management of the Company and approved by the Board of Directors of Dundee Precious Metals Inc. Management is responsible for the information and representations contained in these financial statements and other sections of the Annual Report.

Dundee Precious Metals Inc. maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgements. The significant accounting policies which management believes are appropriate for the Company are described in Note 2 to the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities. The Audit Committee is comprised of non-management Directors as appointed by the Board of Directors. The Audit Committee reviews the financial statements, adequacy of internal controls, the audit process and financial reporting with management and the external auditors. The Audit Committee reports to the Directors prior to the approval of the audited financial statements for publication.

PricewaterhouseCoopers LLP are the external auditors of Dundee Precious Metals Inc., appointed by the shareholders. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the shareholders their opinion on the financial statements. Their report is set out herein.

Jonathan Goodman	C. Bruce Burton
President	*Chief Financial Officer*

April 7, 2004

DUNDEE PRECIOUS METALS INC.
AUDITORS' REPORT

To the Shareholders of Dundee Precious Metals Inc.

We have audited the statement of investment portfolio of Dundee Precious Metals Inc. (the "Company") as at January 31, 2004, the statements of financial position as at January 31, 2004 and 2003 and the statements of operations and retained earnings, changes in net assets and changes in investments for the years then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2004 and 2003 and its results of operations and changes in net assets and investments for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

April 7, 2004, except as to Note 9(b) which is as of April 15, 2004 and April 19, 2004.
Toronto, Canada

DUNDEE PRECIOUS METALS INC.
STATEMENT OF INVESTMENT PORTFOLIO

As at January 31, 2004

(expressed in thousands of Canadian dollars except share or unit amounts)

PAR VALUE/ SHARES OR UNITS		COST	CARRYING VALUE	% OF PORTFOLIO
	Canadian Equities and Convertibles			
3,666,667	American Bonanza Gold Mining Corp.	$ 550	$ 1,100	
3,666,667	American Bonanza Gold Mining Corp., Purchase Warrants, Oct. 18 04	–	477	
88,064	American Natural Energy Corporation	42	70	
1,325,400	Anatolia Minerals Development Limited	1,287	2,902	
2,500,000	Apollo Gold Corp.	3,168	6,550	
625,000	Apollo Gold Corp., Purchase Warrants, Mar. 21 04	–	311	
479,040	Argosy Minerals Inc.	2,002	119	
1,033,333	Atikwa Minerals Limited, Special Warrants	140	232	
285,500	Aurelain Resources Inc.	507	494	
2,937,500	Bolivar Gold Corporation	1,650	5,699	
1,000,000	Bolivar Gold Corporation, Warrants, Mar. 17 08	–	1,320	
468,750	Bolivar Gold Corporation, Purchase Warrants, Apr. 09 04	–	797	
8,408,182	Cambior Inc.	7,973	28,756	
1,600,000	Campbell Resources Inc.	960	1,344	
2,751,665	Canadian Royalties Inc.	5,916	5,668	
500,000	Cumberland Resources Ltd.	1,405	1,950	
1,250,000	Dia Bras Exploration Inc.	150	1,700	
277,778	Dia Bras Exploration Inc., Restricted	200	378	
1,250,000	Dia Bras Exploration Inc., Warrants, Sept. 12 05	–	1,487	
277,778	Dia Bras Exploration Inc., Purchase Warrants, Nov. 14 05	–	128	
14,772,283	Diagem International Resource Corp.	2,437	4,505	
4,843,750	Dumont Nickel Inc., Restricted	775	2,567	
2,421,875	Dumont Nickel Inc., Purchase Warrants, Oct. 05 05	–	702	
2,500,000	Eastmain Resource Inc.	750	2,350	
2,067,109	Eldorado Gold Corporation	1,048	7,648	
49	Erdene Gold Inc., Units [(a)]	500	500	
2,425,000	FNX Mining Company Inc.	970	20,249	
1,300,000	Full Riches Investments Ltd., Subcription Receipts	455	455	
3,000,000	Full Riches Investments Ltd., Special Warrants	300	300	
4,230,300	Gabriel Resources Ltd.	7,626	16,710	
2,000,000	GlobeStar Mining Corporation	1,150	1,260	
2,506,200	Golden Queen Mining Co. Ltd.	2,574	1,303	
2,800,000	Golden Queen Mining Co. Ltd., Restricted	1,120	1,456	
1,200,000	Greystar Resources Ltd.	1,600	2,520	

As at January 31, 2004

(expressed in thousands of Canadian dollars except share or unit amounts)

PAR VALUE/ SHARES OR UNITS		COST	CARRYING VALUE	% OF PORTFOLIO
	Canadian Equities and Convertibles (cont'd)			
1,562,500	Hedman Resources Limited	$ 500	$ 281	
1,562,500	Hedman Resources Limited, Purchase Warrants, June 13 04	–	16	
2,099,286	Manhattan Minerals Corp.	1,810	693	
107,143	Manhattan Minerals Corp., Purchase Warrants, May 16 05	–	1	
1,529,000	Manhattan Minerals Corp., Purchase Warrants, Oct. 22 05	–	15	
$900	Manhattan Minerals Corp. Convertible Note	900	900	
2,200,000	Major Drilling Group International Inc.	7,737	19,580	
12,625,000	McWatters Mining Inc.	2,020	316	
6,312,500	McWatters Mining Inc., Purchase Warrants, June 27 04	–	63	
850,000	Metallic Ventures Gold Inc.	1,669	6,162	
14,381,145	Miramar Mining Corporation	23,271	40,123	
2,000,000	New Sleeper Gold Corporation, Subscription Receipts [a]	2,000	2,000	
14,650	Nichromet Extractions Inc., Class A Common Shares [a]	205	205	
99,207	Northgate Exploration Ltd., Purchase Warrants, Dec. 28 06	–	79	
833,333	Northgate Exploration Ltd., Special Warrants	538	650	
130,000	Opti Canada, Class C Common Shares, Restricted [a]	1,885	2,028	
7,827,258	Pacific Rim Mining Corporation	7,859	11,663	
1,250,000	Pele Mountain Resources Inc.	250	525	
625,000	Pele Mountain Resources Inc., Purchase Warrants, Jun. 18 04	–	75	
368,421	Ranchgate Energy Inc.	350	424	
600,000	South Atlantic Ventures Ltd.	1,200	3,900	
300,000	South Atlantic Ventures Ltd., Purchase Warrants, Dec. 16 04	–	1,275	
852,273	Stratic Energy Corporation, Special Warrants	–	43	
31,566,642	Tahera Corporation	4,169	12,627	
3,800,000	Tahera Corporation, Purchase Warrants, Aug. 29 04	–	950	
4,500,000	Tahera Corporation, Purchase Warrants, Jun. 15 04	–	1,125	
3,250,000	Tahera Corporation, Purchase Warrants, Nov. 14, 04	–	813	

PAR VALUE/ SHARES OR UNITS		COST	CARRYING VALUE	% OF PORTFOLIO
	Canadian Equities and Convertibles (cont'd)			
$2,817	Tahera Corporation, 8.00%, Convertible, Aug. 04 04	$ 2,817	$ 9,014	
1,049,722	Tandem Resources Ltd.	47	47	
1,800,000	Titanium Corporation Inc.	2,984	3,240	
200,000	Titanium Corporation Inc., Escrow Shares	246	306	
869,329	Twin Mining Corporation	468	287	
1,222,033	Verena Minerals Corporation	896	281	
1,000,000	Western Canadian Coal Corp.	549	550	
500,000	Western Canadian Coal Corp., Purchase Warrants, Nov. 22 04	1	25	
1,225,000	Wolfden Resources Inc.	1,727	6,590	
		113,353	250,879	83.4%
	Australian Equities			
3,957,016	Revesco Group	316	741	
3,957,016	Revesco Group, Purchase Options, Nov. 11 11	117	691	
3,129,063	Red Back Mining NL	963	2,058	
		1,396	3,490	1.2%
	Latin American Equities			
182,260	Compañía de Minas Buenaventura SA, Sponsored ADR, Series "B"	518	5,659	
		518	5,659	1.9%
	US Equities			
625,000	Western Goldfields Inc., Restricted Common	657	808	
625,000	Western Goldfields Inc., Purchase Warrants, Oct. 31 05	–	41	
		657	849	0.3%
	Other Investments			
1	Investment in Bulgarian Project (Note 3 to the Financial Statements)	39,745	39,745	
		39,745	39,745	13.2%
		$ 155,669	$ 300,622	100.0%

The accompanying notes are an integral part of these financial statements.

(a) Shares of a private company which are not freely tradeable.

DUNDEE PRECIOUS METALS INC.
STATEMENTS OF FINANCIAL POSITION

As at January 31

(expressed in thousands of Canadian dollars except per share amounts)

	2004	2003
Assets		
Investments at carrying value		
(cost – $155,669; 2003 – $127,903)	$ 300,622	$ 227,482
Cash	23,176	910
Interest, dividends and other receivables	33	372
Income taxes recoverable	3,876	–
	$ 327,707	$ 228,764
Liabilities		
Accounts payable and accrued liabilities	$ 1,496	$ 413
Performance fees payable (Note 6)	5,401	4,006
Bank loan (Note 4)	–	3,800
Income taxes payable	–	6,101
Future income taxes (Note 7)	34,699	26,253
	41,596	40,573
Shareholders' Equity		
Capital stock, warrants and contributed surplus (Note 5)	99,373	82,738
Retained earnings	75,817	31,033
Unrealized appreciation in carrying value of investments,		
net of future income taxes of $34,032 (2003 – $25,159)	110,921	74,420
Net Assets Represented By Shareholders' Equity	286,111	188,191
	$ 327,707	$ 228,764
Basic Net Asset Value Per Share	$ 37.88	$ 27.30
Diluted Net Asset Value Per Share	$ 35.36	$ 27.30

The accompanying notes are an integral part of these financial statements.

Signed on behalf of the Board:

Jonathan Goodman, *Director*

W. G. Wilson

William Wilson, *Director*

DUNDEE PRECIOUS METALS INC.
STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

For the years ended January 31

(expressed in thousands of Canadian dollars except per share amounts)

	2004	2003
Investment Income		
Dividends	$ 190	$ 480
Interest and other income	584	1,204
	774	1,684
Net realized gain on sale of investments	68,015	32,607
	68,789	34,291
Expenses		
Management fees (Note 6)	2,742	2,014
Performance fees (Note 6)	5,401	4,006
Interest on bank loan (Note 4)	221	173
Administrative and other expenses	1,927	537
Capital taxes	68	–
	10,359	6,730
Other Income		
Interest income on income tax reassessments	–	2
Income Before Income Taxes	58,430	27,563
Provision for (Recovery of) Income Taxes (Note 7)		
Current	14,074	14,724
Future	(428)	(9,121)
	13,646	5,603
Net Income	$ 44,784	$ 21,960
Net Income Per Share	$ 6.40	$ 3.16
Retained Earnings		
Balance, beginning of year	$ 31,033	$ 9,073
Net Income	44,784	21,960
Balance, end of year	$ 75,817	$ 31,033

The accompanying notes are an integral part of these financial statements.

DUNDEE PRECIOUS METALS INC.

STATEMENTS OF CHANGES IN NET ASSETS

For the years ended January 31

(expressed in thousands of Canadian dollars except per share amounts)

	2004	2003
Net income	$ 44,784	$ 21,960
Change in unrealized appreciation in carrying value of investments, net of future income taxes	36,501	51,681
Purchase of Class A shares (Note 5)	(438)	(1,706)
Exercise of Class A share purchase warrants	17,073	–
Changes in net assets during the year	97,920	71,935
Net assets, beginning of year	188,191	116,256
Net assets, end of year	$ 286,111	$ 188,191
Basic net asset value per share	$ 37.88	$ 27.30
Diluted net asset value per share	$ 35.36	$ 27.30

The accompanying notes are an integral part of these financial statements.

DUNDEE PRECIOUS METALS INC.
STATEMENTS OF CHANGES IN INVESTMENTS

For the years ended January 31

(expressed in thousands of Canadian dollars)

	2004	2003
Investments at carrying value, beginning of year	$ 227,482	$ 122,869
Unrealized appreciation in the carrying value of investments,		
beginning of year	(99,579)	(30,356)
Investments at cost, beginning of year	127,903	92,513
Cost of investments purchased during the year	68,947	86,076
Cost of investments sold during the year		
Proceeds from sales	(109,196)	(83,293)
Net realized gain on sale of investments	68,015	32,607
	(41,181)	(50,686)
Investments at cost, end of year	155,669	127,903
Unrealized appreciation in the carrying value of investments,		
end of year	144,953	99,579
Investments at carrying value, end of year	$ 300,622	$ 227,482

The accompanying notes are an integral part of these financial statements.

DUNDEE PRECIOUS METALS INC.
NOTES TO THE FINANCIAL STATEMENTS

January 31, 2004 and 2003

(tabular amounts in thousands of Canadian dollars)

1. SIGNIFICANT CORPORATE INFORMATION

Dundee Precious Metals Inc. (the "Company") is a closed-end investment company incorporated under the *Canada Business Corporations Act* in 1983, which invests in a managed portfolio of primarily precious metals related investments and mineral companies. The objective of the Company is to provide capital appreciation and a hedge against inflation, while providing a portfolio diversified by issuers and geography.

The Company is managed by Goodman & Company, Investment Counsel Ltd. (the "Manager").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Valuation of Investments

The carrying value of investments approximates market value and is determined as follows:

- Investments in securities with a market value which is quoted on a stock exchange, and not otherwise restricted, are valued at the last reported sales price on that day. Securities in which no sale is reported, are valued at the average of the closing bid and ask price on that day.
- Investments in securities and warrants not having quoted market values or in restricted securities are valued at estimated fair value as determined by the Manager.

The carrying value of the total holding in any security may be more or less than the realizable value of that holding.

b) Recognition of Investment Appreciation, Depreciation and Income

The difference between the carrying value and cost of investments held, net of future income taxes, is shown as unrealized appreciation (depreciation) in the carrying value of investments and is recorded in shareholders' equity in the statements of financial position. The average cost basis is used to determine the gain or loss on disposal of investments.

Investment transactions are recorded on the next business day following the trade date. Gains and losses realized on sales are recorded in the statements of operations and retained earnings.

Dividend income is recognized on the ex-dividend date. Interest income and expense are recognized daily on an accrual basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c) Income Taxes

The Company uses the asset and liability method of accounting for income taxes under which future income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future income tax assets and liabilities are measured using tax rates in effect for the period in which those temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is recognized as part of the provision for income taxes in the period of the change.

Future tax benefits attributable to these differences, if any, are recognized to the extent that realization of such benefits is more likely than not.

d) Foreign Currency Translation

The carrying values of foreign investments are translated into Canadian dollars at the closing rate of exchange on each valuation date. Translation gains and losses are reflected in shareholders' equity as a component of the net unrealized appreciation (depreciation) in the carrying value of investments.

Other assets and liabilities in foreign currencies are also translated at closing rates. Translation gains and losses are reflected in the statements of operations and retained earnings.

Purchases and sales of foreign investments, and foreign income and expenses, are translated at the rates of exchange prevailing on the dates of the respective transactions. Any exchange gains or losses on the settlement of the transactions are reflected in the statements of operations and retained earnings.

e) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

3. INVESTMENT

On September 30, 2003, the Company, through its wholly-owned, single purpose subsidiary, Dundee Precious Acquisition Inc. ("DPAI"), acquired certain Bulgarian companies holding mining assets from Navan Mining plc, an entity in administrative receivership. The principal assets consist of the following:

- a pre-feasibility stage development property called Ada Tepe, located near Krumovgrad,
- a series of exploration licenses covering certain properties in the Central and Eastern Rhodope,
- the Chelopech mine, a producing gold/copper mine, located 75 km east of Sofia, and
- approximately U.S. $25.0 million in inter-company advances, which were assigned a nominal value.

The cost of the acquisition was U.S. $23.4 million, and was comprised of the following:

U.S. $10.0	million paid on completion of the transaction
U.S. $ 4.0	million payable between December 31, 2004 and December 31, 2005
U.S. $ 6.0	million of advances made to fund operations during the pre-acquisition exclusivity period
U.S. $ 3.4	million on due diligence, structuring and closing costs
U.S. $23.4	million

In addition, U.S. $12.5 million is payable when the required government approvals for the Ada Tepe gold project are obtained and a 1% royalty will be payable on certain grass-roots exploration properties based on any future gross revenues received from mineral production from these properties.

As at January 31, 2004, the Company had made investments and advances totaling Cdn $39.7 million to finance its investment in the Bulgarian assets and had committed to invest up to an additional U.S. $12.0 million to April 30, 2004.

4. BANK LOAN

The Company has a revolving term credit facility for an amount not to exceed the lesser of $25,000,000, 25% of the value of the net assets of the Company, or 100% of the net asset value of cash, cash equivalents and securities held by the Company that are traded on a recognized stock exchange and have a trading value per share of greater than $2.00. This facility matures on March 12, 2006 but, if requested in writing, may be extended each year for a further year with the approval of the bank. Draws on the credit facility bear interest, at the Company's option, at either a Canadian chartered bank's prime lending rate plus ¼ of 1%, or at a corporate bankers' acceptance rate plus 0.90%. The Company has provided the bank with a security interest in all of the assets of the Company.

5. CAPITAL STOCK, WARRANTS AND CONTRIBUTED SURPLUS

	JANUARY 31, 2004		JANUARY 31, 2003	
	NUMBER	AMOUNT	NUMBER	AMOUNT
Class A Shares				
Balance, January 31	6,889,972	$ 79,582	6,991,972	$ 80,760
Shares purchased and cancelled	(22,400)	(259)	(102,000)	(1,178)
Shares issued on exercise of warrants	682,909	17,756	–	–
Balance, end of period	7,550,481	97,079	6,889,972	79,582
Class A Share Purchase Warrants	2,520,000	2,520	2,520,000	2,520
Warrants exercised	(682,909)	(683)	–	–
Balance, end of period	1,837,091	1,837	2,520,000	2,520
Common Shares	3,000	1	3,000	1
Contributed Surplus		456		635
		$ 99,373		**$ 82,738**

a) Share Capital

The authorized share capital is comprised of an unlimited number of Class A shares and 3,000 common shares.

Each holder of the Class A and common shares rank equally as to voting and dividend rights. The holders of Class A shares are entitled, on a wind up of the Company, to receive $9.425 per Class A share before any distribution to common shareholders. Thereafter, the holders of both the Class A shares and common shares will rank equally.

The Manager owns all of the common shares.

The weighted average number of shares used to calculate net income per share during 2004 was 6,999,126 (2003 – 6,951,897).

b) Warrants

Each warrant entitles the holder to purchase one Class A share at any time up to February 20, 2004 at $25.00 per share. At January 31, 2004 a total of 682,909 warrants were exercised for proceeds of $17,072,725. (See subsequent event, note 9 (a)).

5. CAPITAL STOCK, WARRANTS AND CONTRIBUTED SURPLUS (CONT'D)

c) Shares Purchased

During 2004, contributed surplus decreased by $178,528 as a result of the Company's purchase and cancellation of 22,400 Class A shares under its normal course issuer bid. The amount charged to contributed surplus represents the difference between the cash consideration paid of $437,248 ($19.52 per share) and the stated capital of $258,720.

During 2003, the Company purchased and cancelled 102,000 Class A shares under its normal course issuer bid. The difference between the stated capital of $1,178,100 of these shares and the cash consideration paid of $1,705,869 ($16.72 per share) was allocated to contributed surplus.

d) Net Asset Value Per Share Calculation

Basic net asset value per share was calculated by dividing total net assets over total shares outstanding at the end of the year.

Diluted net asset value per share was calculated by adding to the total net asset value an amount equal to the gross proceeds which would have been received by the Company assuming the exercise of all outstanding warrants, and by adding to the Class A shares outstanding the number of shares which would have been issued upon the exercise of such warrants. The adjusted total net asset value is then divided by adjusted total shares outstanding to calculate diluted net asset value per share.

6. MANAGEMENT AND PERFORMANCE FEES

The Manager provides management and advisory services to the Company under an investment management agreement. In return for these services the Manager is paid an annual fee and may receive a performance fee. The Manager is paid an annual management fee of 1% per annum payable at the rate of 1/12 of 1% of the Company's total asset value determined on the last business day of each month. Additionally, the Manager may be entitled to a performance fee of up to 2% of the Company's average total assets for the year dependent upon the Company outperforming gold bullion.

7. INCOME TAXES

The reconciliation of the expected combined federal and provincial statutory income tax rate to the effective tax rate on earnings is as follows:

	2004	2003
Combined Federal and Provincial Statutory income tax rates	36.58%	38.41%
Income tax at statutory tax rates	$ 21,374	$ 10,587
Adjusted for the effect of:		
Non-taxable portion of capital gain	(7,833)	(4,958)
Effect of expected income tax rate reductions on future income tax assets and liabilities	117	(220)
Other items	(12)	194
Provision for Income Taxes	**$ 13,646**	**$ 5,603**

Significant components of the Company's future income taxes at January 31 are as follows:

	2004	2003
Future Income Tax Assets		
Other deductible timing differences	$ 1,951	1,539
Future Income Tax Liabilities		
Lower of cost or market inventory adjustment	2,618	2,633
Future tax on unrealized appreciation in the carrying value of investments	34,032	25,159
	36,650	27,792
	$ 34,699	**$ 26,253**

Canada Customs and Revenue Agency ("CCRA") is proposing to reassess the 1996 to 1999 taxation years. The impact and the potential implications to the 2000 to 2004 taxation years are not expected to have a material impact on the financial statements. The Company is in discussions with the CCRA.

8. RELATED PARTY TRANSACTIONS

The Company may from time to time use Dundee Securities Corporation, an affiliate of the Manager, as an agent in the purchase and sale of securities. All transactions are conducted at normal commercial rates. During fiscal 2004, the Company incurred total commission charges of $298,000, of which $147,000 was paid to Dundee Securities Corporation, compared to $173,000 and $60,000 respectively in fiscal 2003.

9. SUBSEQUENT EVENTS

a) Exercise of warrants

Effective February 20, 2004, an additional 1,749,414 of the outstanding warrants to purchase Class A shares were exercised prior to their expiry for gross proceeds to the Company of $43,735,350. Following the exercise of these warrants, the Company had 9,299,895 Class A shares outstanding.

b) Conversion of the Company to an Operating Gold Mining Company

On April 15, 2004, shareholders approved a plan to convert the Company from a closed-end precious metals investment company to an operating gold mining company in order to maximize the benefits to its shareholders resulting from the purchase on September 30, 2003 of certain under-developed Bulgarian mining properties. The following actions have been taken to implement this plan:

i) the investment management agreement was terminated for consideration of $26,849,000. The Manager, in turn, has agreed to reinvest the proceeds in return for 925,000 class A shares of the Company. The Manager was also granted a two day option to acquire up to a further 500,000 Class A shares at $36.57 per share, which was exercised on April 19, 2004,

ii) the 3,000 Common Shares held by the Manager were converted to Class A shares,

iii) all then outstanding Class A shares were subdivided on the basis of 5 new Class A shares for each old Class A share, all of the existing class of common shares were cancelled and all of the unissued and issued Class A shares were reclassified as new common shares,

iv) the investment restrictions of the Company as set out in its charter were removed, and

v) a stock option plan for key personnel was established.

9. SUBSEQUENT EVENTS (CONT'D)

c) Impact of conversion of the Company on Year-End and Accounting Policies

As a result of the conversion of the Company to an operating company from an investment company, a change to the year-end and certain changes in accounting policies will be adopted as follows:

i) in order to be consistent with the statutory requirements of its Bulgarian subsidiaries with respect to fiscal calendar year-ends, the Company is changing its fiscal year-end to December 31 and, as a result, will issue first quarter financial statements as of March 31, 2004 and will continue reporting on a quarterly calendar basis;

ii) the investment portfolio will be carried at cost, determined as the carrying value of the portfolio of the Company as at April 30, 2004. Subsequent investments will be recorded at cost. Gains and losses would be recorded on dispositions of individual investments. Carrying values would be reduced in the event of an other than temporary decline in value.

iii) the financial statements of the Company's wholly-owned subsidiary, DPAI, will be consolidated with the financial statements of the Company for the quarter ending June 30, 2004.

DUNDEE PRECIOUS METALS INC.
STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Dundee Precious Metals Inc. (the "Company") is a closed-end investment fund, the strategic direction and investment policies of which are guided by the board of directors. The specific investment choices and management of the portfolio of Dundee Precious Metals Inc. are the responsibilities of Goodman & Company, Investment Counsel Ltd. (formerly Dynamic Mutual Funds Ltd.) (the "Manager"). The Manager operates under the terms and conditions of a long-term renewable agreement.

The following disclosure sets out the Company's approach to corporate governance for the fiscal year ended January 31, 2004.

#	TSX Corporate Governance Guideline	Comments
1.	*The board of directors should explicitly assume responsibility for the stewardship of the corporation and, as part of the overall stewardship responsibility, should assume responsibility for the following matters:*	The board, through its mandate, has the responsibility for the stewardship of the Company and final accountability for the governance of the Company's business and management. To carry out its mandate effectively, the board relies on management and the Manager for support and information. To further facilitate the fulfillment of its responsibilities and to assist its decision-making, the board appointed an independent chairperson, and formed the audit committee and corporate governance committees. The chairperson and the majority of both these committees are independent and unrelated, and are appointed annually. During 2003, the board appointed a special projects committee to oversee the commencement and progress of the Company's mining operations in Bulgaria. The chairperson and the majority of this committee are independent and unrelated. Finally, in November of 2003, the board appointed a special committee of independent directors to consider changes in the Corporation's structure and scope of activity. All committees of the board function in accordance with written mandates. Decisions that require board approval include, but are not limited to: appointment of the chairperson, CEO and other senior corporate officers; the issue of securities of the Company; major investments; changes to the investment policies of the Company; related party transactions; significant corporate policies; and the payment of dividends.

#	TSX Corporate Governance Guideline	Comments
1(a)	*Adoption of a strategic planning process;*	The Company's portfolio is managed by Goodman & Company, Investment Counsel Ltd., under the terms and conditions outlined in a long-term agreement. The board is responsible for the general investment policies of the Company. Due to the nature of the operations and structure of the Company, the strategic planning process is limited to setting and reviewing the investment policies of the Company and, if deemed appropriate, recommending changes for shareholders' consideration. In order to monitor the performance of management, the board meets with management on a quarterly basis to review the portfolio as well as changes which have occurred during the quarter and the board, at that time, also reviews interim financial statements.
1(b)	*The identification of the principal risks of the company's business and ensuring the implementation of appropriate systems to manage these risks;*	The corporate governance committee regularly reviews areas of potential conflict and related party transactions. If any such conflicts or transactions are identified, the corporate governance committee brings them to the attention of the board. Other specifically identified risks, such as financial controls, are reviewed by the audit committee and reported back to the board.
1(c)	*Succession planning, including appointing, training and monitoring senior management;*	During the year ended January 31, 2004, the corporate governance committee began the implementation of procedures concerning succession planning, including appointment, training and monitoring of certain responsibilities of senior management.

#	TSX Corporate Governance Guideline	Comments
1(d)	*A communications policy for the company; and*	The Company endeavours to keep its shareholders informed through a comprehensive annual report and quarterly interim reports. The Company also maintains a website that is designed to provide summary information on the Company and ready access to press releases and regulatory filings and also includes a biography of each director of the Company. The Company does not have an investor relations department. All shareholder or investment community inquiries are directed to the appropriate Company representative. Management has developed procedures to ensure that shareholder inquiries are responded to promptly.
1(e)	*The integrity of the company's internal control and management information systems.*	Management of the Company, together with the Manager, are responsible for the design, implementation and effective operation of the internal controls and information management systems of the Company. The board, through the audit committee, assesses the integrity of the Company's internal controls and management information systems.

#	TSX Corporate Governance Guideline	Comments
2.	*The board of directors should be constituted with a majority of individuals who qualify as unrelated directors. An unrelated director is a director who is independent of management and is free from any interest and any business or any other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the corporation, other than interests and relationships arising from shareholding. A related director is a director who is not an unrelated director. If the corporation has a significant shareholder, in addition to a majority of unrelated directors, the board should include a number of directors who do not have interests in or relationships with either the corporation or the significant shareholder and which fairly reflects the investment in the corporation by shareholders other than the significant shareholder. A significant shareholder is a shareholder with the ability to exercise a majority of the votes for the election of the board of directors.*	The board is composed of eleven members. In accordance with the definitions provided by The Toronto Stock Exchange, four members, Jonathan Goodman, Garth MacRae, Ned Goodman and Michael Cooper, are related directors of the Company. One additional director, Derek Buntain, is deemed to be unrelated, but is President of a company which forms part of the Dundee Bancorp group of companies, of which the Manager is a part. In any event, the proportion of the board comprised of unrelated directors and directors who are not employed by the Dundee Bancorp group of companies represents a majority of the board. During and at the end of the fiscal year ending January 31, 2004, there was no one shareholder with the ability to exercise a majority of the votes for the election of the board of directors.
3.	*The application of the definition of "unrelated director" to the circumstances of each individual director should be the responsibility of the board which will be required to disclose on an annual basis whether the board has a majority of unrelated directors or, in the case of a corporation with a significant shareholder, whether the board is constituted with the appropriate number of directors which are not related to either the corporation or the significant shareholder. Management directors are related directors. The board will also be required to disclose on an annual basis the analysis of the application of the principle supporting this conclusion.*	Jonathan Goodman, the President and Chief Executive Officer of the Company, Garth MacRae, the immediate past Chairman, Ned Goodman, Chairman of the Manager, and Michael Cooper, the President and CEO of Dundee Real Estate Investment Trust, are members of the board of directors. Derek Buntain is deemed to be unrelated, but is President of a company which forms part of the Dundee Bancorp group of companies, of which the Manager is a part. The independent members of the board believe that it is important for these members to be on the board and involved in board deliberations. The majority of directors of the Company are considered to be independent of management and free from any interest or other business relationship that may interfere with the director's ability to act with a view to the best interests of the Company.

#	TSX Corporate Governance Guideline	Comments
4.	*The board of directors should appoint a committee of directors composed exclusively of outside, i.e. non-management, directors, a majority of whom are unrelated directors with the responsibility for proposing to the full board new nominees to the board and for assessing directors on an ongoing basis.*	The corporate governance committee, of which the majority of members and the chairperson are, in accordance with the committee's mandate, unrelated directors, has during the year ended January 31, 2004 implemented a process of developing procedures to implement a formal process for assessing directors on an ongoing basis. The corporate governance committee also recommends to the board of directors nominees to fill vacancies on the board or to be proposed by the board as candidates for election as directors at the annual meeting of shareholders of the Company.
5.	*The board of directors should implement a process to be carried out by the nominating committee or other appropriate committee for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of individual directors.*	During the year ended January 31, 2004, the corporate governance committee developed a process to annually assess the effectiveness of the board, its chairperson, its committees and the individual directors and report its findings to the board of directors.
6.	*The corporation, as an integral element of the process for appointing new directors, should provide an orientation and education program for new recruits to the board.*	The Company's practice with respect to orientation and education of new recruits to the board includes, but is not limited to, the following: management and directors meet with new recruits, so that they can familiarize themselves with the business of the Company and become conversant with the responsibilities and the time required to act as directors of the Company; management distributes certain written information to new directors including, among other things, information about the Company and its affiliates, recent regulatory filings, such as the annual information form and proxy material, past annual and quarterly reports and reporting requirements of the directors of the Company.

#	TSX Corporate Governance Guideline	Comments
7.	*The board of directors should examine its size and, with a view to determining the impact of the number on effectiveness, undertake where appropriate, a program to reduce the number of directors to a number which facilitates more effective decision-making.*	During the year ended January 31, 2004, the corporate governance committee established a procedure for an annual examination of the appropriateness of the size of the board. The corporate governance committee believes, and the board concurs, that the current number of members, the experience they bring to the board and the current composition of the board are appropriate for the board to perform its duties and responsibilities effectively.
8.	*The board of directors should review the adequacy and form of compensation of directors and ensure the compensation realistically reflects the responsibilities and risks involved in being an effective director.*	During the year ended January 31, 2004, the corporate governance committee adopted procedures to annually review the adequacy and form of compensation of directors and the committees of the Company. The committee's recommendations are then submitted for approval to the board.
9.	*Committees of the board should generally be composed of outside directors, a majority of whom are unrelated directors, although some board committees may include one or more inside directors.*	In the case of the corporate governance and audit committees, the majority of members and the chairperson are, in accordance with the committees' mandates, unrelated directors of the Company. In the case of the special committee of independent directors, all members are independent and unrelated. Only in the case of the special projects committee, which is a technical advisory committee invoked to supervise commencement and progress of the Company's mining operations in Bulgaria, is independence not required.
10.	*The board of directors should expressly assume responsibility for, or assign to a committee of directors the general responsibility for, developing the company's approach to governance issues. This committee would, among other things, be responsible for the company's response to these governance guidelines.*	The process for developing the Company's approach to governance issues is the responsibility of the corporate governance committee, whose responsibilities are set out in a written mandate, which is posted on the Company's website. Many of the governance issues detailed in that mandate have been described elsewhere in this Statement.

#	TSX Corporate Governance Guideline	Comments
11.	*The board of directors, together with the CEO, should develop position descriptions for the board and for the CEO, involving the definition of the limits to management's responsibilities. In addition, the board should approve or develop the corporate objectives which the CEO is responsible for meeting.*	The board operates pursuant to the mandate set out in the *Canada Business Corporations Act* and its own corporate mandate. The CEO manages the affairs of the Company under the terms of a management agreement between the Company and the Manager. There is a clear understanding between management and the board, through general and historical practice and accepted legal practice, that all transactions or matters of a material nature or with respect to dealings with the Company and the Manager must be presented to the board for approval. The corporate objectives of the Company are clearly outlined in its Statement of Investment Policies. These policies and objectives are monitored consistently by the board of directors.
12.	*The board should have in place appropriate structures and procedures to ensure that the board can function independently of management. An appropriate structure would be to (i) appoint a chair of the board who is not a member of management with responsibility to ensure the board discharges its responsibilities or (ii) adopt alternate means such as assigning this responsibility to a committee of the board or to a director, sometimes referred to as the "lead director". Appropriate procedures may involve the board meeting on a regular basis without management present or may involve expressly assigning the responsibility for administering the board's relationship to management to a committee of the board.*	The board operates independently of management. The chairperson of the board is unrelated as are the majority of the Company's directors. The board's corporate governance committee, which functions pursuant to a written mandate and whose roles and functions are described in this Statement, regularly reviews principles of independence. Since 2003, on the recommendation of the corporate governance committee, the board has maintained a process by which independent board members are afforded an opportunity to meet without the presence of management following each regularly scheduled board meeting.

#	TSX Corporate Governance Guideline	Comments
13.	*The audit committee of the board of directors should be composed of only outside directors. The roles and responsibilities of the audit committee should be specifically defined so as to provide appropriate guidance to audit committee members as to their duties. The audit committee should have direct communication channels with the internal and external auditors to discuss and review specific issues, as appropriate. The audit committee duties should include oversight and responsibility for management reporting on internal control. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the audit committee to ensure that management has done so.*	The audit committee is made up of three outside and unrelated directors who have considerable experience dealing with accounting and auditing issues. The chairperson of the committee holds the Chartered Accountant designation. The current roles and responsibilities of the audit committee are set forth in its written mandate, a copy of which is posted on the Company's website. The primary responsibility of the audit committee is to oversee the Company's financial reporting process on behalf of the board which includes review and approval of interim unaudited financial statements, Management's Discussion and Analysis and annual audited financial statements; annual review of audit plan; discussion of adequacy and effectiveness of accounting and financial controls; review and pre-approval of non-audit fees and providing the external auditors with a forum to raise any issues or concerns they may have. Each member of the audit committee has the right to engage independent external advisors and set the terms and conditions of such retainer. The audit committee regularly reviews its mandate to determine whether it conforms with amendments to the rules proposed by certain Canadian regulatory authorities.
14.	*The board of directors should implement a system which enables an individual director to engage an outside advisor at the expense of the corporation in appropriate circumstances. The engagement of the outside advisor should be subject to the approval of the appropriate committee of the board.*	The mandate of the corporate governance committee of the board includes the responsibility of determining if the board, any committee thereof, or an individual director of the Company should retain, at the Company's expense, independent external advisors and the terms and conditions of such retainer. In the case of the audit committee, each member of the committee has the right to engage independent external advisors without involving the corporate governance committee.

DUNDEE PRECIOUS METALS INC.
DIRECTOR BIOGRAPHIES

William G. Wilson
Chairman of the Board of Directors
Director since 1983
Member of the Compensation Committee

Mr. Wilson has been a director of Dundee Precious Metals Inc. since its inception and is currently the company's Chairman. He has 30 years of experience in the mining and natural resource industry, as well as extensive accounting experience. Prior to his retirement, he was Chief Financial Officer, and subsequently President and Chief Operating Officer, of Cominco Ltd., an international mining company. He was also a Partner at Clarkson, Gordon & Co., a national accounting firm.

Mr. Wilson holds a Chartered Accountant designation. He has served as a director of numerous Canadian and international resource, manufacturing and financial service companies, is currently a director of Placer Dome Inc. and serves as Chairman of the board of Serica Energy Corporation. Mr. Wilson has also held numerous public positions, among them director of the Mining Association of Canada.

Derek H. L. Buntain
President
The Dundee Bank
Director since 1993
Member of the Corporate Governance Committee

Derek Buntain resides in the Cayman Islands, where he is President of The Dundee Bank. He has nearly 30 years of experience in the investment industry in Canada and abroad. His background includes positions in research, international arbitrage, corporate and government finance and mergers and acquisitions, with Burns Bros. and Merrill Lynch Canada Inc. He was President of Canadian Express Limited and, in 1996, became President of Goodman & Company (Bermuda) Limited, an investment management firm.

Mr. Buntain attended Dartmouth College and the University of Western Ontario, where he earned a Masters degree in Business Administration. He is also a fellow of the Canadian Securities Institute and a director of several publicly traded companies.

Peter C. Cavelti
President & Chief Executive Officer
Cavelti & Associates Limited
Co-Founder and Director since 1983
Chairman of the Corporate Governance Committee
Member of the Audit Committee
Member of the Compensation Committee

Peter Cavelti's investment career spans more than three decades and four continents. He is President of Cavelti & Associates Ltd., an investment company, and publisher of Perspectives, a newsletter with readers in two dozen countries. He spent more than a decade with Guardian Trustco, a financial services group, in various executive positions. In 1982, he became President and Chief Executive officer of Guardian Trustco International. Later, as Chairman of Cavelti Capital Management Ltd., he was responsible for managing several U.S. and Canadian mutual fund portfolios, as well as a managed account program for private clients.

Mr. Cavelti is an author, whose books and articles on financial and socio-political issues have been published internationally. He is a director of several corporations and has also served in a variety of public functions, including as Chairman of the Commodity Futures Advisory Board of the Ontario Securities Commission.

Michael J. Cooper
President and Chief Executive Officer
Dundee Real Estate Investment Trust
Director since 2001

Michael Cooper has 18 years of experience in real estate development and property management. He currently holds the position of President and Chief Executive Officer of Dundee REIT. He held the position of Chief Executive Officer of Dundee Realty from its creation in 1996 and held the dual positions of President and Chief Executive Officer of Dundee Realty from 1998 until its reorganization into Dundee REIT in June 2003.

Prior to joining Dundee Realty, Mr. Cooper was a Vice-President of Goodman & Company, Investment Counsel Ltd, responsible for investments in real estate and for establishing and co-managing the Dynamic Real Estate Funds. Mr. Cooper also served as Vice-President, Marketing and Development for Twigg Holdings Limited, a developer and manager of urban office buildings, primarily in downtown Toronto.

Mr. Cooper currently sits on the board of directors of Pethealth Inc. and CIPREC. He holds a law degree from the University of Western Ontario and received a Masters in Business Administration from York University in 1986.

Jonathan Goodman, CFA, P.Eng.
President and Chief Executive Officer
Director since 1993

Jonathan Goodman is President and Chief Executive Officer of Dundee Precious Metals Inc. He has nearly 20 years experience in the resource and investment industry, working as a geologist, senior analyst, portfolio manager and senior executive.

Mr. Goodman joined Goodman & Company, Investment Counsel Ltd. in 1990, where he was responsible for the selection of Canadian equities and played a major role in developing asset allocation strategies, before becoming the company's President. He is also a founder of Goepel Shields and Partners, an investment firm.

Jonathan Goodman graduated from the Colorado School of Mines as a Professional Engineer and holds a Masters degree in Business Administration from the University of Toronto. He is a Chartered Financial Analyst.

Ned Goodman
President & Chief Executive Officer
Dundee Bancorp Inc.
Chairman, President & Chief Executive Officer
Dundee Wealth Management Inc.
Co-Founder and Director since 1983

Ned Goodman is Chairman of Goodman & Company, Investment Counsel Ltd. and Chief Executive Officer of Dundee Bancorp Inc. and Dundee Wealth Management Inc. He has almost four decades of investment experience as a securities analyst, portfolio manager and senior executive. He has an established reputation as one of Canada's most successful investment counselors and has recently returned to investment management as the lead portfolio manager for the Dynamic Focus+ family of funds.

Mr. Goodman has a Bachelor of Science degree from McGill University and a Master of Business Administration from the University of Toronto. He earned the designation of Chartered Financial Analyst in 1967. In 1997, he was awarded a Doctorate of Laws, honoris causa, by Concordia University. He is also Chairman of the Board of Trustees of Dundee REIT. Mr. Goodman is actively involved in various philanthropic activities, is Chairman Emeritus of the Canadian Council of Christians and Jews and a Governor of Junior Achievement of Canada.

John Lydall
Director since 2003
Chairman of the Compensation Committee

John Lydall has had a distinguished career in mining and financial markets. In the early part of his professional life, he gained extensive underground mining experience. Later, during the 26 years he spent with National Bank Financial and its predecessor company, First Marathon, he was a top-ranked mining analyst and an investment banking executive. Prior to his retirement, he was Managing Director of the firm's mining investment banking group.

During his career, Mr. Lydall has advised on, and participated in, financings for many North American mining companies. He also served on the boards and committees of several professional and educational organizations.

Mr. Lydall holds a degree in Mining Engineering from Nottingham University and a Master of Business Administration from Cranfield University. He is also a director of FNX Mining Company.

Garth A. C. MacRae
Director since 1988
Member of the Health Safety & Environment Committee

Garth MacRae brings to the board of directors of Dundee Precious Metals over 30 years of experience in the resource industry, as well as over 15 years of public accounting experience.

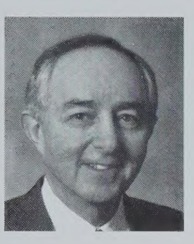
Mr. MacRae has held executive positions with Hudson Bay Mining, Brinco Limited and Denison Mines Limited and served as Vice Chairman of Dundee Bancorp Inc. from 1993 until 2004. He also served as Chairman of Dundee Precious Metals from 1995 until 2002.

Mr. MacRae holds a Chartered Accountant designation. He is also a director of several natural resource companies.

Peter B. Nixon
Director since 2002
Member of the Audit Committee
Member of the Corporate Governance Committee

Peter Nixon has spent more than three decades in the investment industry, specializing in the natural resource sector and working primarily in research and institutional sales. He helped found investment firm Goepel Shields & Partners and was subsequently President of the firm's U.S. subsidiary. He later joined Dundee Securities, with the mandate to expand the company's activities in the United States.

Mr. Nixon is a director of Miramar Mining Corporation, New Sleeper Gold Corporation and Stornaway Diamond Corporation.

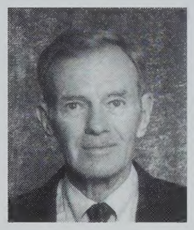


Ronald Singer
Director since 1998
Chairman of the Audit Committee
Member of the Health Safety & Environment Committee

Ronald Singer is a Chartered Accountant. He was a senior partner with Hyde Houghton, Chartered Accountants, until his retirement. His practice focused on corporate clients, both private and public, and specialized in the purchase and sale of businesses and corporate reorganizations. Since its inception in 1957, Mr. Singer has also served as an independent director/governor of the Dynamic family of mutual funds.

He is also a director of a number of corporations, Chairman of the board of governors of the family of Dynamic Mutual Funds and is a consultant to the Cree Economic Enterprises Company of Quebec.

Mr. Singer was named a Fellow of the Quebec Order of Chartered Accountants in 1988.



Peter Steen
Director since 1998
Chairman of the Health Safety & Environment Committee

Peter Steen retired in 1994 from a distinguished mining career of nearly four decades. His work took him from South Africa, where he grew up and became a mine superintendent, to North America, where he held management positions with Anglo American and Rio Algom. Later, Mr. Steen served as President and Chief Executive Officer of Cassiar Asbestos Corporation, Inspiration Copper and International Corona Corporation. In 1992, he became President and Chief Operating Officer of Homestake Mining.

Mr. Steen is a graduate of The Camborne School of Mines. He is also a director of Miramar Mining Corporation.

DUNDEE PRECIOUS METALS INC.
CORPORATE DIRECTORY

DIRECTORS

Derek H.L. Buntain[3]
Grand Cayman, Cayman Islands, B.W.I.

Peter C. Cavelti[1][2][3]
Toronto, Ontario

Michael Cooper
Toronto, Ontario

Jonathan Goodman
Toronto, Ontario

Ned Goodman
Innisfil, Ontario and
Saint-Sauveur, Québec

John Lydall[2]
Oakville, Ontario

Garth A.C. MacRae[4]
Toronto, Ontario

Peter Nixon[1][3]
Keswick, Ontario

Ronald Singer[1][4]
Montréal, Québec

Peter Steen[4]
Salmon Arm, British Columbia

William G. Wilson[2]
Dublin, Ireland

(1) Audit Committee
(2) Compensation Committee
(3) Corporate Governance Committee
(4) Health Safety & Environment Committee

OFFICERS

William G. Wilson
Director and Chairman

Jonathan Goodman
Director, President and
Chief Executive Officer

C. Bruce Burton
Vice President, Finance
and Chief Financial Officer

Lori E. Beak
Vice President and Secretary

EXECUTIVE HEAD OFFICE

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STOCK LISTING & SYMBOL

The Toronto Stock Exchange
DPM – Common Shares

Copies of the Company's Quarterly and Annual Reports are available on written request from our registrar:

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